Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 SAN SA 02604 282147Z

62
ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 LAB-06 SIL-01 OMB-01

PC-04 DRC-01 /139 W
---------- 076831
P R 282105Z JUN 74
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC PRIORITY 5835
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY TEGUCIGALPA
USCINCSO

C O N F I D E N T I A L SAN SALVADOR 2604

E.O. 11652 GDS
TAGS: PINT, PINS, ES
SUBJ: UNCERTAINTY PREVAILS ON EVE OF PRESIDENT'S JULY 1 SPEECH
REF: A. SAN SALVADOR 2431, B. SAN SALVADOR 2505

USCINCSO FOR POLAD

1. SUMMARY: GROWING ECONOMIC DIFFICULTIES AND HEIGHTENED POLITICAL DYNAMICS HAVE INCREASED THE UNEASINESS ON THE EVE OF PRES MOLINA'S JULY 1 SPEECH MARKING THE SECOND ANNIVERSARY OF HIS ADMINISTRATION. RUMORS BEYOND THE NORMAL EXPECTED ON SUCH AN OCCASION ARE ABOUNDING, E.G., CABINET CHANGES AND POLICY INITIATIVES ON WAGES AND PRICES. THE SPARRING OVER THE GOES' REFUSAL TO PERMIT OPPOSITION LEADER DUARTE TO ENTER COUNTRY CONTINUES, ADDING TO THE STRAIN. IN ADDITION, VAGUE TALK OF MILITARY PLOTTING IS SURFACING, AND MOLINA SEEMS TO BE TAKING PRECAUSTION'S AGAINST DIVERSE OPPONENTS ON BOTH THE LEFT AND THE RIGHT. ALTHOUGH THERE IS NO IMMEDIATE THREAT TO HIS GOVT, IT IS EVIDENT THAT THE
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PAGE 02 SAN SA 02604 282147Z

PRESENT CIRCUMSTANCES REQUIRE THE KIND OF POLITICAL SKILL THAT

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

MOLINA HAJ THUS FAR DISPLAYED ONLY INTERMITTENTLY. END SUMMARY.

2. AN AIR OF UNEASINESS BEYOND THAT NORMALLY
EXPECTED HAS DEVELOPED IN ANTICIPATION OF PRES MOLINA'S
STATE OF THE NATION SPEECH SCHEDULED TO BE DELIVERED TO THE
LEGISLATIVE ASSEMBLY ON JULY 1, THE SECOND ANNIVERSARY OF HIS
ADMINISTRATION. THIS MALAISE IS LARGELY THE RESULT OF
DISCONTENT OVER INFLATION, CONCERN OVER THE MEASURES THE GOES
MAY SOON ADOPT TO SATISFY DEMANDS FOR INTERVENTION IN
THE WAGE AND PRICE FIELD, AND THE DETERMINATION OF OPPOSITION
GROUPS TO INCREASE PRESSURES ON THE GOVT.

3. LIKE JANUARY 1, JULY 1 IS A TRADITIONAL OCCASION FOR
ANNOUNCING CABINET CHANGES, AND RUMORS OF IMPENDING CHANGES
GENERALLY ABOUND BEFOREHAND. THIS YEAR THE SPECULATION SEEMS
MORE INTENSE AND INVOLVES THE INCUMBENT MINISTERS OF AGRICULTURE,
ECONOMY, FINANCE AND FOREIGN RELATIONS, THE CENTRAL BANK
PRESIDENT AND THE CONAPLAN EXECUTIVE SECRETARY. A FREQUENTLY
HEAR EXAMPLE HAS FONMIN BORGONOVO REPLACING MINECON HIDALGO
QUEHL, WHO IN TURN WOULD SUPPLANT SUAREZ CONTRERAS, A HOLDOVER
FROM THE SANCHEZ HERNANDEZ ADMINISTRATION, AS CENTRAL BANK
PRESIDENT. WHATEVER, IF ANY, CHANGES OCCUR WILL ADD ZEST TO THE
NATIONAL PASTIME OF SIMPLISTICALLY DIVINING WHETHER MOLINA IS
MOVING TO THE LEFT OR TO THE RIGHT.

4. IT IS ALSO WIDELY EXPECTED THAT MOLINA WILL ANNOUNCE A
NUMBER OF POLICY INITIATIVES, E.G.,
ON WAGES AND PRICES AND POPULATION. WHILE SOME MEMBERS OF
THE GOVT ARE REPORTED TO FAVOR DRAMATIC MEASURES TO
SATISFY THE BREAD AND BUTTER DEMANDS OF ORGANIZED LABOR AND
THUS UNDERCUT THE POLITICAL CRITICISM OF OPPOSITION GROUPS,
OTHER MORE CONSERVATIVE ELEMENTS ARE PURPORTEDLY URGING ONLY
MINIMAL CONCESSIONS. SOME OBSERVERS ANTICIPATE AN INCREASE IN
MINIMUM WAGES AS MOST LIKELY SINCE IT WOULD BE MORE ACCEPTABLE
TO EMPLOYERS THAN THE ACROSS-THE-BOARD INCREASES DEMANDED BY
LABOR AND WOULD NOT BE AS UNSETTLING FOR THE ECONOMY. SUCH A
MEASURE, HOWEVER, WOULD BY ITSELF DO LITTLE TO PLACATE LABOR
GROUPS, SOME OF WHICH ARE PURSUING POLITICAL AS WELL AS ECONOMIC
OBJECTIVES, OR TO ARREST GROWING LABOR MILITANCY. ON THE
OTHER HAND, AN ACROSS-THE-BOARD INCREASE WOULD PROBABLY SERVE
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ONLY TO FUEL FURTHER INFLATION. FOR THE GOES, IT IS A DILEMMA
OF BEING DAMNED IF YOU DO, AND DAMNED IF YOU DON'T. (A HIGH OFFICIAL
TOLD EMB OFF GOES NOT READY FOR NEW ANTI-INFLATIONARY STEPS.
BUT ANNOUNCEMENTS ON WAGE AND POPULATION POLICIES ARE PROBABLE.)

5. THE GOVT'S PCN AND OPPOSITION PARTIES CONTINUE TO SPAR
OVER THE GOES' REFUSAL TO PERMIT FORMER PDC PRESIDENTIAL
CANDIDATE JOSE NAPOLEON DUARTE TO RETURN TO EL SALVADOR. THE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

PDC HAS TRIED IN VAIN IN THE LEGISLATIVE ASSEMBLY AND BEFORE
THE SUPREME COURT TO FORCE THE GOES TO REVERSE ITS POSITION.
IT IS ALSO CIRCULATING A LETTER TO THE DIPLOMATIC CORPS PROVIDING
ITS VERSION OF THE INCIDENT AND LABELING THE GOES AS "UNPOPULAR
(AND) INCAPABLE OF SOLVING THE GRAVE SOCIAL AND ECONOMIC PROBLEMS
WHICH MAKE THE SITUATION OF THE GREAT MAJORITY OF THE
POPULATION MORE DESPERATE." THUS FAR, THE ONLY RESPONSE ON BEHALF
OF THE GOVT HAS BEEN A COUPLE OF PCN NEWSPAPER ADS, RUMORED
TO BE THE WORK OF LEGISLATIVE ASSEMBLY PRES RUBEN ALFONSO
RODRIGUEZ, JUSTIFYING DUARTE'S EXILE IN CLUMSY ATTACKS DEMEANING
THE OPPOSITION'S PATRIOTISM (SEE REFTELS). THIS HAS DONE LITTLE
TO IMPROVE THE GOVT'S REPUTATION FOR POLITICAL FINESSE.

6. WE HAVE EVEN REACHED THE STAGE OF VAGUE RUMOR-MONGERING ABOUT
MILITARY PLOTS AGAINST THE GOVT, USUALLY WITHOUT NAMING NAMING
NAMES. MOLINA HIMSELF CONTRIBUTED TO SPECULATION
WHEN ON JUNE 25 HE DENOUNCED UNSPECIFIED ACTIVITIES OF
CONSPIRATORIAL ELEMENTS OF BOTH LEFT AND RIGHT IN PUBLICIZED REMARKS
TO THE NATIONAL GUARD OFFICER CORPS. HE WARNED THAT THE GOVT
WAS KEEPING THESE UNIDENTIFIED PLOTTERS UNDER SURVEILLANCE.

7. WE HAVE ALSO HEARD UNCONFIRMED REPORTS THAT IMMIGRATION OFFICERS
WERE RECENTLY ORDERED NOT TO ALLOW A NUMBER OF SALVADORAN TO
ENTER THE COUNTRY. WHILE MOST OF THESE ARE LEFTISTS SUCH AS FORMER
UES RECTOR DR. FABIO CASTILLO, THEY ALSO ALLEGEDLY INCLUDE
AMBASSADOR TO PERU COL. CESAR YANES URIAS AND AMBASSADOR TO
MEXICO GEN. FIDEL TORRES. (TO THE SURPRISE OF MOST
OBSERVERS, FONMIN BORGONOVO THIS WEEK ANNOUNCED THE RESIGNATIONS
OF BOTH TORRES AND YANES EFFECTIVE JULY 1.) IN ADDITION,
IMMIGRATION OFFICERS HAVE REPORTEDLY BEEN INSTRUCTED TO REPORT
THE MOVEMENTS OF A NUMBER OF RANKING MILITARY OFFICERS AND
CIVILIANS OF VARIOUS IDEOLOGICAL PERSUASIONS. DETAILS ARE LACKING.

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8. COMMENT: THERE IS NO EVIDENCE OF ANY CONSPIRACY BEYOND
CIRCUMSTANTIAL RUMOR-MONGERING AND WE DO NOT BELIEVE THAT THE
MOLINA ADMINISTRATION IS FACED WITH AN IMMINENT SUBVERSIVE
THREAT. MOLINA'S PUBLIC REFERENCES TO PLOTTERS PROBABLY
ARE INTENDED AS A WARNING TO ANY AND ALL ELEMENT WHICH MIGHT
BE CONTEMPLATING TAKING ADVANTAGE OF HIS UNCOMFORTABLE POLITICAL
SITUATION RATHER THAN A REACTION TO A SPECIFIC THREAT. WE ARE
STRUCK, HOWEVER, BY THE INCREASINGLY OPEN MANNER IN WHICH
PERSONS OF VARIOUS SOCIAL CLASSES AND POLITICAL PERSUASIONS ARE
CRITICIZING HIS ADMINISTRATION FOR ITS FAILURE TO DEAL WITH
INFLATION AND OTHER ISSUES. ("DEFINITION, DECISION AND
FIRMNESS," MOLINA'S 1972 CAMPAIGN SLOAGAN, IS BEING EXPLOITED BY
THE OPPOSITION TO MOCK HIS GOVT.) THE PRESENT CIRCUMSTANCES
ARE CLEARLY THE MOST CHALLENGING FACED THUS FAR BY
MOLINA AND DEMAND POLTICAL SKILLS THAT HE HAS DISPLAYED

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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ONLY INTERMITTENTLY DURING HIS FIRST TWO YEARS.
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